

Bulletin

SEMIANNUAL PUBLICATION FOR ACTIVE AND INACTIVE CALSTRS MEMBERS ■ SPRING 2000

New Technology Will Improve Service

You know CalSTRS is managing your retirement system records, but have you ever wondered how CalSTRS can do that for hundreds of thousands of member accounts? Behind more than 600,000 member accounts stands a computer main-frame online information system that allows CalSTRS to manage records, calculate benefits and provide payments to members.

Today, technology changes nearly as fast as it is created. Keeping up with advances in technology is an ever-present challenge for any organization, including CalSTRS.

Currently, CalSTRS staff is involved in upgrading and improving its online information system to be able to provide the most effective and efficient service to California teachers. START, State Teachers' Automation Redesign Team, was established to design and implement a new information system. The state-of-the-art system is designed to be reliable, flexible and modifiable, with features that can interface with future Web and e-commerce-based business applications.

The START system will be implemented at CalSTRS later this year. It is critical to the CalSTRS business plan and is based on a commitment to develop the best online system possible. START will be a major accomplishment in the CalSTRS effort in continually improving services to CalSTRS customers.

Physics Teacher Learns Lessons in Fiji

Looking for a change of scene? Wondering just what you'll do

when you retire? The Peace Corps can answer those questions by asking in return "How far are you willing to go to make a difference?"

For Raleigh Ellisen, it was about 6,000 miles—to Fiji, in the South Pacific. After a long career of

teaching physics, mainly in Lafayette, California, Raleigh and Jean, his wife, accepted the Peace Corps challenge to spend two years in Fiji. They went to help fill an educational void in a country where about two-thirds of the teachers have no formal training.

First, Raleigh and Jean had a 10-week in-country training program studying Fiji's language, culture, history and educational system. They were assigned to Nadi College, a five-year high school of about 700 students. Jean first

worked on organizing the school library, then at a special education school teaching a variety of classes including vocational education for girls. Raleigh taught physics for grades 11, 12

and 13 and one grade 11 chemistry class.

Teaching Rewards

Raleigh used his imagination, experience and ingenuity to create



Raleigh Ellisen helps one of his high school students with physics homework on his living room floor, Nadi, Fiji.



Message from the Chair

By Emma Zink, Chair
Teachers' Retirement Board

The issues that generate the most questions from CalSTRS Defined Benefit members are what kinds of service and compensation count toward retirement. These two elements are part of the retirement formula and affect all CalSTRS members, including myself and two other board members. The more you have of either creditable service or creditable compensation, the higher your monthly allowance.

The service and compensation aspects of the benefit structure are complex and often confusing subjects. In addition, these parts of the benefit structure remain unchanged since the DB Program was designed in 1972. They don't reflect our current, evolving educational environment.

Although CalSTRS members receive retirement benefits based on most of the compensation they earn as members, they do not earn retirement benefits on some compensation, such as:

- overtime, overload, summer school or intersession work
- money paid for service in excess of the annual full-time equivalent for the position

- a stipend paid to a department chair when release time is not granted by the employer
- a bonus payment such as pay-for-performance
- an allowance

To update the benefit structure, the Teachers' Retirement Board is making a careful review of these issues, with valuable input from employers and employee representatives. The board voted in April to support state legislative changes to the Education Code. The changes would include adding more activities and types of compensation as creditable service and compensation. Also under consideration is a supplemental defined benefit

program for crediting compensation when a member accumulates more than one year of service credit in a school year.

Follow the Process

If you wish to follow the process regarding potential changes to creditable service and creditable compensation, log on to the CalSTRS Web site at www.calstrs.ca.gov and download the *Service and Compensation Crediting Study* (1/6/00). Should board action result in proposed legislation, follow the legislation by clicking on the External Affairs and State Legislation buttons.

In another development of interest to members, the latest actuarial valuation shows CalSTRS continues to have all the funds needed to cover benefits, including such increased benefits as career bonus and extended age factors, that were effective January 1, 1999.



CalSTRS Vision Statement

CalSTRS is committed to lifetime security and service that meets the changing needs of California's educators.

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Statements in this publication are general and the Teachers' Retirement Law is complex and specific. If a conflict arises between information contained in this publication and the law, any decisions will be based on the law and not on this publication.

The CalSTRS *Bulletin* is published twice a year for active and inactive members of the Defined Benefit Program and participants in the Cash Balance Benefit Program of the California State Teachers' Retirement System. Comments or suggestions may be directed to: Editor, Public Affairs, MS #34, P.O. Box 15275, Sacramento CA 95851

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CalSTRS staff and I want to know what you need and want from your retirement system. So, recently a broad-based customer survey was sent to a sample of members to determine their level of satisfaction with CalSTRS services and products.

If you were one of the members who participated in the sample, we appreciate the valuable time you took to answer the questionnaire. Questions covered:

- user friendliness of the retirement application packet and forms
- efficiency and effectiveness of retirement application processing
- benefit payment timeliness and accuracy
- promptness and clarity of requests for additional information
- effectiveness of CalSTRS publications
- ease, efficiency and professionalism of member contacts with CalSTRS staff
- interest in using Internet-based services



Ask the Chief

By James D. Mosman
Chief Executive Officer

What is CalSTRS Doing to Improve Member Satisfaction?

The Customer Satisfaction Survey in 1999 was an Important Step

Several questions were asked in each area and members could rate the importance of each subject. The combination of satisfaction and importance gave a clear picture of CalSTRS services and products that are fully satisfactory and those that are important and in need of improvement. Our survey results showed:

- high levels of satisfaction with the professionalism and courtesy of CalSTRS staff
- high levels of satisfaction with CalSTRS publications
- relative dissatisfaction with contacting CalSTRS through the 800 telephone number
- unique concern among members, who have applied for disability benefits, about being kept informed during their disability application processing
- willingness to use a Personal Identification Number to access account information by a margin of four to one



- 60 percent of the members have Internet access
- comments indicated retired members and survivors are less likely to have access to and use the Internet, while active members have more access and use it more

We are reviewing business practices you have highlighted as needing improvement and will continuously improve them. Improving access to CalSTRS is one of our highest priorities and is now a pivotal element in the CalSTRS strategic plan.

CalSTRS staff is dedicated to making improvement in the services provided to members. To measure progress in customer satisfaction, CalSTRS will be surveying members on a regular basis.

an effective learning environment. The hard work and resourcefulness Raleigh threw into his teaching paid off when his students took the mandatory national exams. His students had better scores and more passes than had been recorded at the school in many years.

More gratifying than the good test results were the connections Raleigh made with his pupils.

“Our most treasured memories of Fiji are of our students and the growth we saw in them during our time there. My wife and I found the stay in another culture fulfilling. In time we accepted the frustrations of the system in which we taught. We focused on the children we met and on our students.”

The personal rewards and experiences Raleigh and Jean had in Fiji will remain with them all their lives. Their Peace Corps volunteer service demonstrated the corps motto—“the toughest job you’ll ever love.”

For More Information

If you are interested in learning more about Peace Corps volunteer service, contact the corps by telephone at 800-424-8580 (select option 1 of the automated system) or online at www.peacecorps.gov.

(Based on “Teaching Physics with the Peace Corps in Fiji” by Raleigh Ellisen, in The Physics Teacher, Vol. 36, Oct. 1998)

CUT THIS OUT AND SAVE!!

How to Report a Death to CalSTRS

CalSTRS needs to be notified as soon as possible upon the death of a member, option beneficiary or a person receiving CalSTRS benefits. Once CalSTRS is informed, a caseworker from the Survivor Benefits Section will contact a family member or representative and assist that person through each step of the process to determine any benefits, allowance or remaining contributions due the survivor.

CalSTRS will need the following information:

- the deceased person’s name and Social Security number
- the date of death
- the individual’s status just preceding death—retired member, member in active teaching status, disabled member, option beneficiary or other payee
- name, address and telephone number of the contact person

Timely Reporting Protects Estate: It is important to report promptly the death of a member or allowance recipient. If a delay occurs and an additional allowance payment(s) is made by CalSTRS, the overpayment must be repayed from the estate of the deceased person. This could cause an unnecessary financial hardship on a survivor.

To report a death, you can call CalSTRS at:
(800) 228-5453 • (916) 229-3870 • (916) 229-3541
TDD

Or write to CalSTRS at:
California State Teachers’ Retirement System
P.O. Box 15275
Sacramento, CA 95851-0275

Please

- Retain a copy of this article with your important papers
- Give a copy of this article to family or friends who may help handle your affairs

Multiple Bills Would Increase Benefits

A record number of bills affecting CalSTRS were introduced in the legislature this year. CalSTRS will evaluate these proposals and recommend positions to the board. Proposals that would significantly increase benefits include:

AB 1733 (Wildman)

Increases the current annual earnings limitation for retired members from \$19,050 to \$36,000 in any one school year.

AB 1736 (Ducheny)

Exempts a member from the earnings limitation who retired before July 1, 2000, and is employed to provide direct remedial instruction to pupils in K-12.

AB 1933 (Strom-Martin)

Establishes the service retirement allowance of members age 55 or older at 2.4 percent of the member's final compensation per year of service, if the sum of the member's age and years of credited service equals or exceeds 85. Also expands the career bonus for members retiring on or after January 1, 2001, by applying it to members with 29 years of service and increasing the bonus after 30 and 31 years of service.

AB 2201 (Honda)

Makes a variety of changes including basing retirement benefits at the highest single year of compensation, a compounded COLA, 2 percent at age 55 and 80 percent

purchasing power. It also recasts the Teachers' Retirement Board as a 13-member board with six elected members.

AB 2456 (Wright)

Establishes the Deferred Retirement Option Plan as a supplemental benefit program in the Defined Benefit Program.

AB 2700 (Lempert)

Makes all compensation for creditable service creditable under the State Teachers' Retirement Plan. Contributions from compensation for service in excess of full-time would be allocated to a supplemental benefit program.

AB 2839 (PER&SS)

Increases the retirement benefit formula for CalSTRS members to 2 percent of final compensation per year of service at age 55, for members who retire on or after January 1, 2001.



SB 1435 (Johnson)

Increases monthly to cover the monthly premium for Medicare Part A for members who are at least 65 years of age, enrolled in Medicare Part B, and not eligible for Medicare Part A without payment of a premium.

SB 1692 (Ortiz)

States the intent of the Legislature to enact legislation providing for enhanced benefits to teachers who retired prior to 1999, and who return to teaching for a specified period of time.

• continued on page 6

As a reminder, although new bills cannot be introduced this year, any bill can be amended between now and the end of this session, September 2000. Statutory changes are made from time to time that affect CalSTRS benefits and that may affect any decisions you make in relation to those benefits. These changes are made by the California Legislature and the Governor. Although CalSTRS makes every effort to keep its members informed about changes in its benefit structure, it cannot safely predict what the Legislature and Governor may do that might be of interest to you. For this reason, you should keep yourself informed about possible benefit changes by consulting the CalSTRS Web site (www.calstrs.ca.gov), the CalSTRS Public Service Office (1-800-228-5453), CalSTRS retirement counselors, your union representative (if applicable), your legislative representative and any other source that you believe may be helpful to you before you make any final decision. You are ultimately responsible for any decision you make in regard to your CalSTRS benefits.

SB 1693 (Ortiz)

Increases supplemental payments to restore purchasing power to 80 percent of the initial monthly allowance.

Although not directly affecting retirement benefits, the following bills also may be of interest to CalSTRS members:

AB 107 (Knox)

Prohibits new or additional investments by CalSTRS on and after January 1, 2001, in tobacco companies and requires a divestment of those existing investments by July 1, 2002.

AB 2118 (Bock)

Abolishes CalSTRS, the 12-member Board, and the Teachers' Retirement Fund and provides, instead, that the State Teachers' Retirement Plan would be administered by CalPERS. All CalSTRS assets would be deposited and held by CalPERS and the merger of the two systems would not affect the vested rights or benefits of CalSTRS members.

AB 2745 (Kaloogian)

Requires CalSTRS to direct their internal and external fund managers to perform and disclose due diligence with respect to potential investments in foreign companies that pose a threat to national security and to hire an independent auditor to review and report to the Board and the state Legislature regarding present and proposed investments in those companies.

Home Loan Program Adds Zero-Down Feature

CalSTRS recently added a new zero-down payment feature to its Home Loan Program. Now you can purchase a new home and finance the entire amount of the purchase price through this program. Also, the list of participating lenders has grown longer with the addition of North American Mortgage Company. See the lender list below.

CalSTRS and the California Housing Loan Insurance Fund (the insurance arm of the California Housing Agency) have joined forces to offer a special, no-down payment mortgage loan program. The CalSTRS/CaHLIF Zero-Down Preferred Program makes purchasing a home more affordable with its

second mortgage payment plan that may be deferred for the life of the loan.

The program combines the traditional 95 percent loan-to-value with the secondary financing provided by CalSTRS equal to 5 percent of the purchase price of the home. The interest rate on the second mortgage will be the same as the first mortgage. The program has certain restrictions and initially will be offered through North American Mortgage Company and CUNA Mortgage. For more details, you can call them at the telephone numbers below.



Lender List

Bank of America	See your local branch
CalFED	1-800-CALFED-7 (225-3337)
California Coast Credit Union	1-858-495-1600
Countrywide Home Loans	1-800-877-LOAN (5626)
CUNA Mortgage Corp.	1-800-576-3577
First Mortgage Corp.	1-877-595-1998
Lancaster Mortgage Services, Inc.	1-800-404-0536
Marina Mortgage Co., Inc.	1-800-860-4065
Mission Federal Credit Union	1-858-546-2039
Orange County Teachers' Federal CU	1-800-462-8328
North American Mortgage Company	1-800-700-6262
Wells Fargo Home Mortgage	1-909-680-3685
The Golden 1 Credit Union	1-800-732-2828

(More mortgage loan organizations are being added each month to the CalSTRS lender list. For an up-to-date list of participating lenders, check the CalSTRS Web site at www.calstrs.ca.gov/benefit/homeloan/homeloan.html.)

California teachers' retirement benefits have never been more secure. Excellent investment returns, coupled with substantial improvements in the California economy, provide a "rock solid" retirement package. The Teachers' Retirement Board continues to take diligent action, balancing safety and liquidity with high expected investment returns.

Benjamin Franklin has been credited with saying "a penny saved is a penny earned." CalSTRS takes a similar stance when it comes to investment-related expenses.

The *Wall Street Journal* estimates that the average equity mutual fund charges between 1.25 percent and 1.50 percent in annual management fees. *Money Management* magazine estimates that the annual management fee for the average bond fund is between 0.50 percent and 1.0 percent. Assuming a 60 percent equity and 40 percent bond allocation, it would be necessary for CalSTRS to pay a 1.00 percent management fee if we chose to invest using the average mutual fund. This represents a potential annual expenditure of \$950 million for just last year!

CalSTRS spends about \$50 million per year on investment management-related expenses, which includes salaries and staff expenses, external management fees, custody charges and consulting fees. Calculated, this equals 0.05

Cost Control Limits CalSTRS' Expenses

by Patrick Mitchell,
Chief Investment Officer

percent of CalSTRS assets on an annual basis. How does 0.05 percent compare to other large pension plans? In a nationwide comparison of large pension funds (\$1 billion or larger in assets) investment-related expenses average between 0.10 percent and 0.20 percent. On a comparative basis, CalSTRS' investment expenses are low due to:

- size- bigger is better
- percent of fund under passive management- more is cheaper
- percent of fund under internal management- more is better
- public fund- lower cost than corporate (private) counterparts

The following illustration shows why expenses are important.

If you start with \$1,000 and earn 11 percent annually for 40

years, you end up with \$6,500. If you start with \$1,000 and earn 10 percent annually for 40 years, you end up with \$4,525. The additional \$2,000 difference shows the power of expense control; lower costs mean more income.

So, a penny saved produces higher returns for the Teachers' Retirement Fund.

We know \$50 million for expenses is still a tremendous amount of money, so the investment team has identified income-producing programs designed to mitigate or offset investment-related expenses. CalSTRS has concentrated on three income-producing programs:

- securities lending
- credit enhancement
- home loans

The amount of income produced over the last 12 months was more than \$70 million. This more than offsets CalSTRS' investment-related expenses.

In summary, CalSTRS paid out approximately \$50 million in investment-related expenses during the past year, which computes to an expense ratio of 0.05 percent. This compares favorably to mutual funds that average around 1.00 percent (\$950 million) or other large pension plans that average between 0.10 percent and 0.20 percent (\$100 million to \$200 million).



Patrick Mitchell to Seek New Challenges

Chief Investment Officer Patrick Mitchell has resigned, leaving July 15, 2000, to pursue other career opportunities.

“This was not at all an easy decision to make, but the new economy is providing wonderful opportunities right now. The timing is excellent for me to begin the next phase of my life and career,” Patrick said.

He has worked for CalSTRS for 12 years, the last three as chief investment officer. Under Patrick’s direction, the investment portfolio grew from \$74.8 billion in June, 30 1997, to \$113.6 billion by March 31, 2000.

“Patrick’s leadership and investment experience will be sorely missed,” said Teachers’ Retirement Board chair Emma Zink. “His energy and ideas have made CalSTRS a top-tier investment performer among its peers.”

The board will address the recruitment process for his successor at its May 4 meeting.

“When Patrick came on board, he set himself a number of goals and objectives to be met in four years and he’s already achieved them in just three years,” said Chief Executive Officer James D. Mosman. “His vision, drive and skill in leading his staff have made him a true asset.”

In his resignation letter, Patrick mentioned the satisfaction and pleasure he’s gained in working with



CalSTRS “tireless talented and dedicated professionals and bright, honorable and dedicated board members.”

The chief investment officer heads a staff of 46 and is responsible for developing and implementing strategies for overall asset allocation, public and private equity, fixed income and real estate investments.

Members Welcome a VIP

Since February of this year, CalSTRS members who visited the CalSTRS Web site had an opportunity to meet a real VIP. In this case, VIP is the new acronym for the CalSTRS 403(b) Program. This tax-deferred savings plan will now be known as the Voluntary Investment Program.

The newly named Voluntary Investment Program continues as a low-fee, tax-deferred savings strategy for active members of the Defined Benefit Program and participants in the Cash Balance Benefit Program.

State Street Global Advisory administers the program, and the Teachers’ Retirement Board has approved the investment options. The features, options, automatic payroll deduction and 24-hour access to account information are tools you can use to successfully counter the low interest rates, high fees, taxes or procrastination that can prevent the accumulation of a valuable supplement to your retirement plan.

Investment options are:

- TempCash- a prime money market mutual fund investing in quality government and corporate securities.
- The S&P 500 Index Fund- a diversified mutual fund designed by California Investment Trust Fund Group to provide investment returns corresponding to Standard and Poor’s 500 Stock Index.
- EAFE Equity Index Fund- an aggressive mutual fund managed by Bankers Trust Company.
- The Self-Managed Account- enables participants to direct their own investment decisions from nearly 3,000 mutual funds, many of which are no-load.

For More Information

Click on the “Benefits and Programs” tab on the CalSTRS Web site (www.calstrs.ca.gov) to learn about program features, review investment options, print enrollment forms and get answers to frequently asked questions.

Or call (toll free) 800-699-4032, Monday through Friday, 9:00 a.m. to 5:00 p.m.

First Retirement Check Comes Quickly

Allowance Amount May be Adjusted Later

When you retire, you naturally want to start receiving your service retirement allowance as soon as possible. So does CalSTRS. If you file your application before the month in which you retire, CalSTRS will be able to send your first retirement allowance payment within about 30 days of your retirement date. As more information is received from your employer, the amount of your initial allowance payment may be adjusted slightly over the following few months.

A few months are needed to determine your actual retirement allowance because final payroll and service credit information is reported by your employer 30 to 45 days after the month in which the service credit was earned. For example, work performed in June will not be reported to CalSTRS until August or September.

Another reason for the delay is the receipt of unused sick leave and other separation data from your employer. If CalSTRS has to contact your employer directly after receiving your service retirement application, it will take longer to obtain this information. To avoid this, request your employer complete and return to you the CalSTRS Express Benefit

Report, SR 0554E, so you can submit it to CalSTRS with your retirement application.

Speed the Process

- ✓ Submit your service retirement application no earlier than six months ahead, and no later than the last day of the month you retire. You are encouraged to submit your application as early as possible
- ✓ Submit a copy of your option beneficiary's birth certificate along with your application
- ✓ Double-check the information on your service retirement application to make sure you have properly completed and signed it
- ✓ Please do *not* submit a pay stub as proof of your final pay rate or service credit—CalSTRS must use information obtained directly from your employer

For More Information

Call CalSTRS and select the Public Service Office to talk directly with a technician. See back page for telephone numbers.

Visit the Web site at the Defined Benefit section of the Benefits and Program area.

A Typical Retirement Allowance Timeline

- On May, 1, 2000, CalSTRS receives your service retirement application
- You retire with a June 17, 2000, retirement date
- On July 1, CalSTRS issues an initial retirement allowance payment based on data CalSTRS has received from your employer up to that time. CalSTRS also sends an Award Letter providing the computations used for your allowance
- On August 10, additional payroll and service credit information is received by CalSTRS. Your retirement allowance amount is adjusted and a payment retroactive to June 17 is issued with a revised Award Letter
- On September 5, unused sick leave information is received. CalSTRS adjusts your retirement allowance amount and another payment retroactive to June 17 is issued with a revised Award Letter
- On October 5, additional adjustment information is received from your former employer. Your allowance amount is again adjusted and another retroactive payment and revised Award Letter are issued to you

Note: The dates used are an example. Actual dates vary for each individual case.



Put Time on Your Side

Financial Education Program Workshops Tell How

Are you just beginning your teaching career or maybe in the middle? Start planning your retirement early and let the power of compounding work for you. Want to learn how compounding works? Or want to know about investing your money or estate planning? Then look for a Financial Education Program workshop in your area. The first workshops in the new school year have been scheduled and are listed below. More will be arranged later.

Each four-hour workshop covers CalSTRS programs and benefits, the basics of cash management, estate planning, investments and retirement planning, and Social Security as it applies to CalSTRS members. Usually held on Saturday mornings, the cost is \$20 for CalSTRS members and \$10 for a guest.

Register by Telephone or Online

You can call CalSTRS at 1-888-394-2060 to register for a Financial Education Program workshop. A technician will reserve a spot for you and answer any questions. Also, you can register online in a special

section of the CalSTRS Web site. Log onto the CalSTRS Web site at www.calstrs.ca.gov and click on 1999/2000 Financial Education Program Workshop.

**Workshop Presented
During In-Service Day**

In January, CalSTRS presented a Financial Education Program workshop to College of the Canyons staff during an in-service day. The workshop was presented to an enthusiastic audience.

Dr. Marlene Demerjian, who helped coordinate the workshop, found “the reaction was very positive from all who attended.” Audience members commented the information was well tailored to community college educators and members received excellent answers to their individual questions. Dr. Demerjian plans to schedule another in-service workshop next year.

If you would like more information on scheduling an FEP workshop at your site, call 916-229-3893 or 916-229-4225 Monday through Friday 8:00 a.m. to 4:00 p.m.

Financial Education Program Workshops

Saturday, October 7
Kern Co. Office of Ed.
1300 17th St.
Bakersfield

Palmdale School Dist.
39139-49 10th St., E.
Palmdale

Saturday, October 14
Orange Co. Office of Ed.
200 Kalmus Dr.
Costa Mesa

Saturday, November 4
L.A. Co. Office of Ed.
9300 Imperial Hwy
Downey

Saturday, January 20
S. Kern USD
3082 Glendower St.
Rosamond

Workshops will also be held in the following cities:

Chico
Marin
Napa
Sacramento
Santa Barbara
Santa Rosa
Susanville

If you are interested in attending a workshop, please leave your name, telephone number and address at the registration number. You will be notified of the workshop date and address when it has been set.

BULLETIN BOARD

Long-Term Care Application Period

The CalPERS Long-Term Care Program's application period ends June 30, 2000. CalSTRS members and Cash Balance Benefit participants and their spouses, parents and parents-in-law are eligible to apply for long-term care coverage from California Public Employees Retirement System. CalPERS introduced new, more affordable options this year.

Insurance to cover extended care at home or in a nursing facility is valuable because:

- health insurance typically does not cover it
- long-term care can be needed at any age

You may request a free application kit on the Internet at www.calpers.ca.gov/longtermcare or by calling 1-800-266-1050, 24 hours a day.

Paying for College Just Got Easier

California's new college savings plan might be just the ticket for some of your students or even your own children or grandchildren. The recently unveiled Golden State ScholarShare College Savings Trust allows Californians to save and invest for college with tax-deferred benefits.

The trust is an IRS Code Section 529 plan, a type of plan described in national magazines as "the best way to save for college." Funds are invested in low-cost, professionally managed stock, bond and money market mutual funds designed to outpace tuition inflation. The funds grow on both a federal and state tax-deferred basis until withdrawn, at which point they are taxed at the beneficiary's (lower) rate.

The funds can be used at any accredited higher education institution in the U.S., transferred to other family members and used for tuition and other qualified expenses, such as room and board. ScholarShare has no income limits and minimum contributions can be as low as \$25.

For more information or an enrollment kit, call toll-free 1-877-728-4338 or access the informative Web site at www.scholarshare.com.

Year 2000 Arrives Bug Free

CalSTRS entered the year 2000 smoothly, with none of the dreaded millennium technology problems. CalSTRS computer systems continued to operate evenly, delivering timely services and benefits to members. Typical processing such as 1999 IRS Tax Form 1099R, monthly allowance payments and quarterly supplemental payments have now been processed without problems in the year 2000.

The CalSTRS Year 2000 Project began in 1996 and was completed in mid-1999. Significant time and effort were used to ensure CalSTRS members would continue to receive an uninterrupted stream of benefits and services.

When January 1 finally arrived, the Y2K Assessment Team reported early to work to review and validate CalSTRS key infrastructure and computer systems. By noon that day, the Y2K project manager reported complete success.

Some have recently questioned whether the Y2K problem was worth the effort. The CalSTRS response is an unqualified *yes, definitely*. The effort allowed CalSTRS to review the technology in use and make Y2K and other changes to update the systems.

Investment Results Always Available

Keep up-to-date on CalSTRS investment allocations and the total market value of the Teachers' Retirement Fund by logging on to the CalSTRS Web site at www.calstrs.ca.gov/aboutstrs/invpport.



P.O. Box 15275
Sacramento, CA 95851-0275

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How to Reach Us

Write CalSTRS at:

California State Teachers'
Retirement System
P.O. Box 15275
Sacramento CA, 95851-0275

Call CalSTRS Public Service Office:

800-228-5453
916-229-3870
916-229-3541 for TDD

Browse CalSTRS Web site at:

www.calstrs.ca.gov

When contacting CalSTRS, be sure to
include your Social Security number.



Cash Balance Corner

New Employers Come On Board

Two more employers have agreed to offer the CalSTRS Cash Balance Benefit Program. San Mateo Community College District now offers it, and Los Angeles Community College District will offer it in the coming school year.

CB Benefit Program Staffing Up

The CB Benefit Program recently doubled the size of the customer service staff. This was in response to the 83 percent rise in participants in the last school year. The program finished the 1998–99 school year with 6,412 participants.

Who Benefits?

The Cash Balance Benefit Program is designed for educators whose

basis of employment is less than 50 percent. Your eligibility is determined by your basis of hiring, or your contract, rather than the number of hours you work. If you are hired to work on an hourly basis, without a contract for K–12, Adult Education, a Regional Occupational Program or at one or more community colleges, and your employer offers the program, you can participate in the CB Benefit Program.

Participating Employers

School Districts or Offices

- Berkeley Unified SD
- Contra Costa County Office of Education
- Grossmont Union High SD
- Montgomery Elementary SD
- Robla Elementary SD
- West Contra Costa USD

Community College Districts

- Antelope Valley CCD

- Chabot-Los Positas CCD
- City College of San Francisco
- Contra Costa CCD
- El Camino CCD
- Foothill-De Anza CCD
- Fremont-Newark CCD
- Glendale CCD
- Mira Costa CCD
- Peralta CCD
- San Jose-Evergreen CCD
- San Mateo CCD
- Solano CCD
- Sonoma County Jr. CD
- Ventura County CCD
- Yuba CCD

More Information?

If you want more information on the CalSTRS CB Benefit Program, **CALL** CalSTRS Teletalk system—see above for telephone numbers. At the main menu, select Teletalk messages #900 through #905. **VISIT** the CalSTRS Web site at www.calstrs.ca.gov.